

TOP SECRET

45C

*Briefing outline
24 July*

I. Timing of Beria's arrest in relation to Soviet Policies.

A. Timing of Beria's fall from power.

1. Earliest indication Beria's influence dropping is

postponement Georgian Party Congress called for

25 day.

2. Beria's absence from opera 27 June plus presence tanks

same day vicinity his house lead Western observers to

place his actual arrest that date.

3. Berlin riots may have provided opportunity and pretext

to do away with him.

4. However, some evidence his fall occurred prior to

riots:

(a) 15-16 June company grade KVD officers in occupied

Europe express extreme concern over unidentified

incident on which they anxiously await further news.

(b) Evidence during whole month June of strange

disruption in administration some Soviet foreign

intelligence sets.

TOP SECRET

B. Relation to Soviet Policies.

1. Must consider that Beria's policy position prior to his fall may have little relation to subsequent course Soviet policy.
2. Most important factor Beria purge appears as internal power struggle. Khrushchev out by accusations he using police for personal ends.
3. More likely Beria was antagonist than proponent of soft tactics.
4. "Internal liberalization" program composed three parts:
 - (a) New emphasis on increasing consumer goods. Indications this policy continues - (1) increased better imports from Dutch, (2) frozen beef, mutton, pork orders to Australia, (3) Soviet plan for first half 1953 increases emphasis on consumer goods.
 - (b) De-emphasis government dependence on repressive system forced labor (amnesty decrees) plus promise rewrite criminal code in favor of civil rights. Unlikely

TOP SECRET

to specific situations for which Israel needed external
scapegoat. Do not appear to affect over-all conciliatory
policy.

8. Moderate diplomatic moves continue.

- (a) Conciliatory tactics continue with bordering
countries - resumption diplomatic relations Israel
(29 July) and restoration normal diplomatic relations
toward Greece-pending - settlement financial claims
and border problems with Iran - formation Satellite-
Yugoslav joint border commissions during June-July

**9. Continuing interest in expanding foreign contacts and
increasing foreign goodwill.**

- (a) \$1,000,000 to UN technical assistance program.
- (b) Similar Polish offer of \$75,000.
- (c) Exit visas given two more Russian wives American
citizens.
- (d) \$10,000 gift to Japanese flood relief.
- (e) Agreement with Austria turning over Ybbs-Perseberg
dam.

TOP SECRET

TOP SECRET

10. Increase in foreign trade continues.

- (a) Agreement tripling trade France to \$34 million annually each way.**
- (b) Doubling of trade with Denmark to \$40 million annually total.**
- (c) Expanding trade with Greece to \$10 million annually each way.**
- (d) Large agreement pending with Argentina with whom no trade since 1947. (Total trade one year period \$180 million)**

11. Additional signs conciliatory policy in satellites.

- (a) Rumania and Hungary cancel agricultural debts.**
- (b) Hungarian government reduces cooperative delivery quotas 10%.**
- (c) Hungarian Premier Nagy announces decrees to be promulgated on amnesty and abolition labor camps.**
- (d) However, Communist journal treatment Nagy and Rakosi speeches seems to warn that future concessions will be limited.**

TOP SECRET

TOP SECRET

12. attempt to strengthen Soviet position in East Germany.

- (a) Economic concessions continue with increase in wages and food supply. Announced exchange \$57.5 million worth of Soviet food for manufactures.**
- (b) Reported reorganization of Security Ministry -- together with indications that increased security measures and strengthening of East German regime are planned.**
- (c) Announcements that improved living standard depends on increased worker productivity.**
- (d) 16 July - East German call for unity talks is propaganda -- does not contain elements conducive to agreement.**

C. Conclusions.

- 1. Khrushchev purge has generally not affected policy.**
- 2. Future policy will be determined by exigencies of local situation -- for example return to strict measures Germany would indicate need for discipline rather than downfall of alleged government of softness.**

TOP SECRET

TOP SECRET

3. Already clear new tactics not being applied across the board -- no economic concessions Poland, Bulgaria.
4. Some apparent slackening conciliatory gestures Germany and Hungary -- possibly due to Soviet desire to reassure Communists there will be no change fundamental aims of Communism.

7

TOP SECRET